

ROCKFORD PUBLIC SCHOOLS
Kent County, Michigan

Additional Reports Required by
the Uniform Guidance

For the year ended June 30, 2017

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ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2017

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

October 31, 2017

The Board of Education
Rockford Public Schools
Kent County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockford Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Rockford Public Schools' basic financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rockford Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rockford Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Rockford Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockford Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Grand Rapids, Michigan



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

October 31, 2017

The Board of Education
Rockford Public Schools
Kent County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Rockford Public Schools’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rockford Public Schools’ major federal programs for the year ended June 30, 2017. Rockford Public Schools’ summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Rockford Public Schools’ major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rockford Public Schools’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rockford Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Rockford Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Rockford Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rockford Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rockford Public Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockford Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise of Rockford Public Schools' basic financial statements. We issued our report thereon dated October 31, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Grand Rapids, Michigan

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2017

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U. S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I Cluster:		
Title I:		
161530 1516	84.010	\$ 496,251
171530 1617		456,589
Total Title I Cluster		952,840
Title IIA:		
160520 1516	84.367	128,887
170520 1617		127,567
Total Title IIA		256,454
Adult Education Grants to States:		
161130 161925	84.002	32,500
		55,500
Total Adult Education Grants to States		88,000
Total Passed Through MDE		
		1,297,294
Passed through Kent Intermediate School District (KISD):		
Special Education Cluster:		
I.D.E.A. Grants to States:		
160450 1516	84.027	1,085,165
170450 1617		-
Total I.D.E.A. Grants to States		1,085,165
I.D.E.A. Preschool:		
160460 1516	84.173	36,671
170460 1617		28,333
Total I.D.E.A. Preschool		65,004
Total Special Education Cluster		
		1,150,169
Total Passed Through KISD		
		1,150,169
Total U.S. Department of Education		
		2,447,463

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2016	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2017
\$ 263,252	\$ 480,214	\$ 8,317	\$ 271,569	\$ -
-	-	415,890	184,935	230,955
263,252	480,214	427,854	456,504	230,955
73,695	125,406	-	73,695	-
-	-	127,321	53,317	74,004
73,695	125,406	127,321	127,012	74,004
32,500	32,500	-	32,500	-
-	-	55,500	-	55,500
32,500	32,500	55,500	32,500	55,500
369,447	638,120	610,675	616,016	360,459
349,627	1,085,165	10,994	360,621	-
-	-	1,104,836	768,349	336,487
349,627	1,085,165	1,115,830	1,128,970	336,487
11,269	36,671	-	11,269	-
-	-	40,629	28,333	12,296
11,269	36,671	40,629	39,602	12,296
360,896	1,121,836	1,156,459	1,168,572	348,783
360,896	1,121,836	1,156,459	1,168,572	348,783
730,343	1,759,956	1,767,134	1,784,588	709,242

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2017

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Commerce		
Passed through Grand Valley State University: Groundswell FORCES: GVSU-204205-01	11.429	\$ 1,075
Total U.S. Department of Commerce		<u>1,075</u>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD): Medical Assistance Program:	93.778	
1516 Medicaid Outreach		11,332
1617 Medicaid Outreach		<u>19,113</u>
Total Medicaid Outreach		<u>30,445</u>
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE): Nutrition Cluster:		
Non-Cash Assistance (U.S.D.A. Commodities): Entitlement Commodities	10.555	<u>132,946</u>
Cash Assistance:		
1617 Lunch Program	10.555	<u>414,328</u>
1617 Breakfast Program	10.553	<u>44,215</u>
Total Cash Assistance		<u>458,543</u>
Total Nutrition Cluster		<u>591,489</u>
Child and Adult Care Food Program:	10.558	
1516		11,155
1617		<u>10,584</u>
Total Child and Adult Care Food Program		<u>21,739</u>
Total U.S. Department of Agriculture		<u>613,228</u>
Total Federal Financial Assistance		<u>\$ 3,092,211</u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2016	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2017
\$ -	\$ -	\$ 1,075	\$ 1,075	\$ -
-	-	1,075	1,075	-
11,332	11,332	-	11,332	-
-	-	19,113	-	19,113
11,332	11,332	19,113	11,332	19,113
-	-	132,946	132,946	-
-	-	414,328	414,328	-
-	-	44,215	44,215	-
-	-	458,543	458,543	-
-	-	591,489	591,489	-
105	-	-	105	-
-	-	10,584	10,503	81
105	-	10,584	10,608	81
105	-	602,073	602,097	81
\$ 741,780	\$ 1,771,288	\$ 2,389,395	\$ 2,399,092	\$ 728,436

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2017

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rockford Public Schools under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rockford Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows, as applicable, of Rockford Public Schools.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Rockford Public Schools has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D – Grant Section Auditor Report

Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note E – Non-Cash Assistance

The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

ROCKFORD PUBLIC SCHOOLS
For the year ended June 30, 2017

Note F – Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Per Financial Statements	Difference
Title I Cluster	\$ 427,854	\$ 427,854	\$ -
Title IIA	127,321	127,321	-
Adult Education	55,500	55,500	-
Special Education Cluster	1,156,459	1,156,459	-
Groundswell FORCES	1,075	1,075	-
Medical Assistance Program	19,113	19,113	-
Nutrition Cluster	591,489	591,489	-
Child Care Food Program	10,584	10,584	-
	<u>\$ 2,389,395</u>	<u>\$ 2,389,395</u>	<u>\$ -</u>

(1) This amount was recorded in prior year deferred revenue.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ROCKFORD PUBLIC SCHOOLS

For the year ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported on accordance with the Uniform Guidance? _____ Yes X No

Identification of major programs audited: Special Education Cluster

84.027	I.D.E.A. Grants to States
84.173	I.D.E.A. Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statements Audit Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no findings or questioned costs.